Maritime Provinces Higher Education Commission

Financial Statements
March 31, 2013, March 31, 2012 and April 1, 2011

pwc

June 26, 2013

Independent Auditor's Report

To the Members of
Maritime Provinces Higher Education Commission

We have audited the accompanying financial statements of **Maritime Provinces Higher Education Commission**, which comprise the balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of committed funds, revenue and expenditures – grants, revenue and expenditures – administration and cash flows for the years ended March 31, 2013 and 2012, and the related notes including a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Maritime Provinces Higher Education Commission as at March 31, 2013, March 31, 2012 and April 1, 2011 and its results of operations and cash flows for the years ended March 31, 2013 and 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

PricewaterhouseCoopers LLP

Chartered Accountants

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Maritime Provinces Higher Education Commission

Balance Sheets

As at March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013 $	March 31, 2012 $	April 1, 2011 $
Assets			
Cash	10,264,009	8,553,801	5,551,960
Prepaid expenses	44,721	–	21,334
Amounts due from			
Government of Canada	7,402,279	7,567,552	7,160,542
New Brunswick	39,439,718	39,192,198	26,742,080
Newfoundland and Labrador	242,000	9,473	181,680
Nova Scotia	–	522,951	351,975
Prince Edward Island	800,000	155,000	898,600
Amount due from the Council of Atlantic Premiers	–	42,550	22,990
Other receivables (note 4)	79,180	48,431	113,422
	58,271,907	56,091,956	41,044,583
Liabilities			
Accounts payable and accrued liabilities (note 5)	193,114	75,064	105,929
Amount due to the Council of Atlantic Premiers	3,023	–	–
Amounts payable to institutions			
Operating grants	24,810,623	20,680,325	8,268,925
Capital grants	–	482,909	1,105,114
Other	7,402,279	6,812,208	7,074,208
Deferred revenue	85,104	16,105	16,105
	32,494,143	28,066,611	16,570,281
Committed Funds			
Operating grants	25,046,754	26,302,976	20,060,182
Capital grants	731,010	1,722,369	4,414,120
	25,777,764	28,025,345	24,474,302
	58,271,907	56,091,956	41,044,583

Commitments (note 6)

Approved by the Board of Directors

_____ Director _____ Director

Maritime Provinces Higher Education Commission

Statements of Committed Funds

For the years ended March 31, 2013 and 2012

	New Brunswick $	Nova Scotia $	Prince Edward Island $	Other $	2013 Total $	2012 Total $
Operating grants						
Balance – Beginning of year	19,194,569	362,344	6,743,522	2,541	26,302,976	20,060,182
Excess of (expenditures over revenue) revenue over expenditures for the year	(963,560)	152,657	(355,319)	–	(1,166,222)	6,282,794
Transfer to administration	(90,000)	–	–	–	(90,000)	(40,000)
Balance – End of year	18,141,009	515,001	6,388,203	2,541	25,046,754	26,302,976
Capital grants						
Balance – Beginning of year	1,706,019	–	16,350	–	1,722,369	4,414,120
Excess of expenditures over revenues for the year	(991,359)	–	–	–	(991,359)	(2,691,751)
Balance – End of year	714,660	–	16,350	–	731,010	1,722,369
Committed funds – End of year	18,855,669	515,001	6,404,553	2,541	25,777,764	28,025,345

Maritime Provinces Higher Education Commission

Statements of Revenue and Expenditures – Grants

For the years ended March 31, 2013 and 2012

	New Brunswick		Nova Scotia (note 1)		Prince Edward Island		Other		Total	
	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $	2013 $	2012 $
Operating grants										
Revenue										
Grants										
Unrestricted	266,858,218	264,313,481	490,000	522,951	55,028,199	59,776,123	–	–	322,376,417	324,612,555
Restricted	9,555,097	9,555,097	–	–	12,241,776	7,668,800	–	–	21,796,873	17,223,897
Other	–	–	–	–	–	–	7,401,407	7,459,906	7,401,407	7,459,906
	276,413,315	273,868,578	490,000	522,951	67,269,975	67,444,923	7,401,407	7,459,906	351,574,697	349,296,358
Expenditures										
Grants										
Unrestricted (Schedule A)	266,380,510	259,001,767	337,343	292,520	55,294,228	59,027,635	–	–	322,012,081	318,321,922
Restricted (Schedule B)	10,996,365	11,111,109	–	–	12,331,066	6,120,627	–	–	23,327,431	17,231,736
Other activities (note 7)	–	–	–	–	–	–	7,401,407	7,459,906	7,401,407	7,459,906
	277,376,875	270,112,876	337,343	292,520	67,625,294	65,148,262	7,401,407	7,459,906	352,740,919	343,013,564
Excess of (expenditures over revenue) revenue over expenditures for the year	(963,560)	3,755,702	152,657	230,431	(355,319)	2,296,661	–	–	(1,166,222)	6,282,794
Capital grants										
Revenue	7,500,000	7,500,000	–	–	–	–	–	–	7,500,000	7,500,000
Expenditures (Schedule C)	8,491,359	10,191,751	–	–	–	–	–	–	8,491,359	10,191,751
Excess of expenditures over revenue for the year	(991,359)	(2,691,751)	–	–	–	–	–	–	(991,359)	(2,691,751)

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Statements of Revenue and Expenditures – Administration

For the years ended March 31, 2013 and 2012

	2013 $	2012 $
Revenue		
Contributions		
New Brunswick	552,816	546,488
Nova Scotia	693,042	685,109
Prince Edward Island	102,473	101,300
Transfers from operating reserves		
New Brunswick	90,000	40,000
Project revenue	180,459	32,456
	1,618,790	1,405,353
Expenditures		
Salaries and benefits	1,082,050	1,130,710
Office rent	104,407	104,710
Professional services	112,311	39,091
Other services	43,639	34,719
Travel		
Board members	19,312	9,836
Other travel	24,023	18,431
Per diem allowance	7,875	4,500
Special projects, committees and other (note 8)	153,035	44,721
Office supplies, books and subscriptions	12,299	9,700
Office furniture and equipment	28,509	19,420
Publications	28,343	8,327
	1,615,803	1,424,165
Excess of revenue over expenditures (expenditures over revenue) for the year (note 9)	2,987	(18,812)

Maritime Provinces Higher Education Commission

Statements of Cash Flows

For the years ended March 31, 2013 and 2012

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year - Grants	(2,157,581)	3,591,043
Transfer to administration	(90,000)	(40,000)
Net change in non-cash working capital balances related to operations		
Decrease (increase) in prepaid expenses	(44,721)	21,334
Decrease (increase) in amounts due from		
Government of Canada	165,273	(407,010)
New Brunswick	(247,520)	(12,450,118)
Newfoundland and Labrador	(232,527)	172,207
Nova Scotia	522,951	(170,976)
Prince Edward Island	(645,000)	743,600
Decrease (increase) in amounts due from/to Council of Atlantic Premiers	45,573	(19,560)
Decrease (increase) in other receivables	(30,749)	64,991
Increase (decrease) in accounts payable and accrued liabilities	118,050	(30,865)
Increase (decrease) in amounts payable to institutions		
Operating grants	4,130,298	12,411,400
Capital grants	(482,909)	(622,205)
Other	590,071	(262,000)
Increase (decrease) in deferred revenue	68,999	–
Net change in cash during the year	1,710,208	3,001,841
Cash - Beginning of year	8,553,801	5,551,960
Cash - End of year	10,264,009	8,553,801

1 Content of these financial statements

In accordance with the Maritime Provinces Higher Education Commission Acts (Section 18, New Brunswick and Prince Edward Island; Section 19, Nova Scotia), the provinces have the option of paying grants to the institutions, either directly or through the Commission. Since the Province of Nova Scotia makes direct payments to Nova Scotia institutions, these financial statements include only the operating and capital grant payments to New Brunswick and Prince Edward Island institutions.

2 Basis of accounting

Adoption of accounting standards for not-for-profit organizations

Effective April 1, 2012, Maritime Provinces Higher Education Commission (the "Commission") elected to adopt Canadian accounting standards for not-for-profit organizations ("ASNPO") as issued by the Canadian Accounting Standards Board. The accounting policies selected under this framework have been applied consistently and retrospectively as if these policies had always been in effect. The Commission has not utilized any transitional exemptions on the adoption of ASNPO. There were no adjustments to the balance sheet, statement of committed funds, statement of revenue and expenditures – grants, statement of revenue and expenditures – administration, nor statement of cash flows.

3 Significant accounting policies

Management estimate

The presentation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those reported.

Property, plant and equipment

The Commission expenses capital assets in the year of acquisition. Had the Commission capitalized and amortized its capital assets, its balance sheet would reflect office equipment and furniture, computer hardware and software and leasehold improvements with a net book value of approximately $72,873 (2012 - $68,417).

Pension plan

The Commission participates in the Pension Plan for Employees of the Council of Atlantic Premiers and Participating Employers. Pension expense is recognized when plan contributions are made or become due. During the year, the Commission recognized pension expenses of $270,668 (2012 - $267,897).

3 Significant accounting policies (continued)

Financial instruments

The Commission has evaluated the fair value of its financial instruments based on the current interest rate environment, market values and the actual prices of financial instruments with similar terms. Financial instruments consist of amounts receivable, which will result in future cash receipts, as well as amounts payable and deferred revenue, which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of judgment and, therefore, cannot be determined with precision. Changes in assumptions could affect the estimates.

The fair values of amounts receivable, amounts payable and deferred revenue approximate the carrying values due to their short terms to maturity.

The Commission is exposed to normal credit risk with respect to its amounts receivable. Provisions are maintained for potential credit losses and no such losses have been recognized to date. Management believes the Commission is not exposed to any significant credit risk and no provision for doubtful accounts has been recorded in the accounts.

4 Other receivables

Included in other receivables are government remittances receivable relating to HST and GST of $59,180 (2012 - $41,841).

5 Accounts payable

Included in accounts payable are government remittances payable relating to payroll of $1,080 (2012 - $1,132).

6 Commitments

Office facilities

Future minimum annual lease commitments under a long-term lease for office facilities and office equipment are as follows:

		$
Year ending March 31,	2014	89,793
	2015	89,793
	2016	24,758

7 Other activities

During the year, the Commission disbursed funds on behalf of the following:

	2013 $	2012 $
Government of Canada – contribution to institutions under the Canada/New Brunswick Official Languages in Education Agreement	5,501,673	5,744,673
Government of Canada – contribution program to improve access to health services for official languages minority communities	859,720	857,679
Province of Prince Edward Island – Medicine	800,000	647,500
Province of Newfoundland and Labrador – Medicine	(1,986)	6,054
Province of Newfoundland and Labrador – Rehabilitation program seats	242,000	204,000
	7,401,407	7,459,906

8 Special projects, committees and other

	2013 $	2012 $
Graduate follow-up surveys	116,001	–
MPHEC Conference/Workshop/Collaboration	18,403	1,261
Committees and other	18,631	43,460
	153,035	44,721

9 Revenue and expenditures – Administration

The unallocated excess of revenue over expenditures (expenditures over revenue) for the year for Administration is considered to be part of the Consolidated Fund and accordingly is included in the amount due to (from) the Council of Atlantic Premiers.

Maritime Provinces Higher Education Commission

Schedules of Unrestricted Grants Expenditures

For the years ended March 31, 2013 and 2012 — **Schedule A**

	2013 $	2012 $
New Brunswick		
Institutions		
Maritime College of Forest Technology	2,029,153	2,029,153
Mount Allison University	19,639,247	18,983,023
St. Thomas University	11,617,090	11,482,254
Université de Moncton	72,424,183	72,011,307
University of New Brunswick	115,860,918	113,686,792
University of Prince Edward Island – Atlantic Veterinary College	5,242,704	5,242,704
	226,813,295	223,435,233
Interprovincial transfers		
Université de Sherbrooke	1,810,735	1,626,772
Province of Newfoundland and Labrador	2,338,000	1,929,750
Province of Nova Scotia	7,075,100	7,153,400
Province of Ontario	42,277	41,277
Dalhousie University	8,030,757	7,788,051
Province of Québec	6,348,927	4,551,225
	25,645,796	23,090,475
Grants in lieu of Municipal Real Property Taxes	13,783,315	12,412,047
Other	138,104	64,012
	266,380,510	259,001,767
Nova Scotia		
Interprovincial transfers		
Province of Québec	337,343	292,520
Prince Edward Island		
Institutions		
Holland College	17,402,400	17,940,600
University of Prince Edward Island	30,269,599	34,226,700
	47,671,999	52,167,300
Interprovincial transfers		
Province of Nova Scotia	7,494,580	6,619,900
Province of Ontario	13,759	14,759
Province of Québec	70,286	68,126
	7,578,625	6,702,785
Other	43,604	157,550
	55,294,228	59,027,635
	322,012,081	318,321,922

Maritime Provinces Higher Education Commission

Schedules of Restricted Grants Expenditures

For the years ended March 31, 2013 and 2012 **Schedule B**

	2013 $	2012 $
New Brunswick		
Maritime College of Forest Technology	286,719	94,860
Mount Allison University	974,990	974,990
St. Thomas University	354,281	784,634
Université de Moncton	3,112,875	4,041,847
University of New Brunswick	5,373,228	4,442,373
Joint Project – Computer Network	894,272	772,405
	10,996,365	11,111,109
Prince Edward Island		
Holland College	5,859,217	3,619,823
University of Prince Edward Island	6,353,164	2,422,771
Joint Project – Computer Network	118,685	78,033
	12,331,066	6,120,627
	23,327,431	17,231,736

Maritime Provinces Higher Education Commission

Schedules of Capital Grants Expenditures

For the years ended March 31, 2013 and 2012 **Schedule C**

	2013 $	2012 $
New Brunswick		
Mount Allison University	704,250	1,058,600
St. Thomas University	904,125	915,125
Université de Moncton	2,099,925	3,397,794
University of New Brunswick	4,783,059	4,820,232
	8,491,359	10,191,751